

## CHAPTER 118—H. F. No. 519

*An act regulating the financial affairs of all counties in the State of Minnesota having a population in excess of 150,000 and an area in excess of 5,000 square miles, requiring the formulation of a budget, prescribing penalties for the violation of the provisions of this act; providing that such counties shall not be liable in connection with any obligation incurred in violation hereof, repealing laws 1933, Chapter 371.*

Be it enacted by the Legislature of the State of Minnesota :

**Section 1. County board to prepare budgets in certain counties.**—In all counties in this state having a population in excess of 150,000 and an area in excess of 5,000 square miles, the county board shall make an itemized statement for each fund under its control which shall govern such fund for the next ensuing fiscal year. In the preparation of such a statement, it shall require that detailed budget requests be submitted to it for each department or activity supported in whole or in part from the fund, which shall show the actual amounts expended during the previous two calendar years, the amount expended during the first six months of the current calendar year, the amount allowed for the current year, and the amount requested for the ensuing year. The statement prepared by the county board for each fund shall itemize the expenditures deemed necessary during the ensuing year in such manner as the county board shall determine to be most conducive to efficiency and economy and without regard to the boundaries of any commissioner election district, and in such detail as the board may deem advisable provided that within the general revenue fund the amount for each department, office or activity shall constitute a separate item, and within the road and bridge fund the amount for salary and expenses of the highway engineer and his assistants, the amount for workmen's compensation, the amount for maintenance of highways within each maintenance division, and the amount for each proposed construction project shall each constitute a separate item, provided that an item may be set up for minor or miscellaneous construction projects, or to supplement any specified project, but the total amount of this item shall not exceed 20 percent of the total amount for construction purposes.

**Sec. 2. Budget to show estimated income.**—The statement of each fund prepared by the county board shall show the estimated income to be received to the credit of such fund from all sources other than the current tax levy, the estimated unencumbered cash balance or cash deficit at the beginning

of the ensuing fiscal year, and the amount which it shall be necessary to levy to provide a total fund equal to the proposed expenditures, and any deficit, but the amount to be levied shall not exceed any limit fixed by law. For all purposes where the amounts or charges are fixed by law, the full amount required to meet the same shall be provided for in such itemized statement of expenditures. Such statement and estimate shall be adopted by the board not later than November 1st and shall be included in the published proceedings of the board, and shall constitute the tax levy for such fund and the maximum amount which may be appropriated, expended or obligated by the board from such fund and for each item therein during the next ensuing fiscal year.

**Sec. 3. Commissions and boards shall submit budgets.—**For each fund or activity of such county placed by law under the control of any commission, board or agency other than the county board, such commission, board, or agency shall cause similar detailed budget requests to be made and shall prepare a similar statement of proposed expenditures and estimated income for each fund under its control which shall be presented to the county board for its approval. The county board may decrease but not increase the total of all items of expenditure set forth therein and shall require a revised itemization in accordance with any reduction in the total for each such fund of the proposed expenditures. Provided, however, that the amounts approved shall not require a tax levy in excess of any limit fixed by law, such statement and estimate as approved by the county board shall constitute the tax levy for such fund and shall be the maximum amount which may be appropriated, expended, or obligated by such commission, board, or agency from each fund and for each item therein during the next ensuing fiscal year.

**Sec. 4. Obligations not to exceed appropriations—exceptions.—**In all such counties no obligation shall be created except pursuant to an appropriation made by resolution as hereafter provided. Neither the county board nor any other board, commission, or agency which is authorized by law to enter into any contract or to authorize the creation of any obligation against any fund shall award any contract, or contract for any employment, or order any goods or services, or in any manner create any obligation, or authorize any officer, agent, or employee to create any obligation until and unless the county board or the other board or commission involved shall have first made an appropriation from the proper fund and item for the payment of the resulting obligation, or for the payment of the cost of the specific project or activity for which said obligation is

incurred and no officer, agent or employee shall have any authority to order any goods or services or incur or attempt to incur any obligation except pursuant to and within an appropriation so made, provided, however, that except for contracts awarded by specific resolution of the county board, all obligations against appropriations of road and bridge funds shall be incurred only by or under the direction of the county highway engineer who may delegate the authority to expend or obligate such appropriation and to verify any payrolls in connection therewith. The county auditor shall set up an account for each appropriation and shall deduct the amount of such appropriation from the proper fund and item. For all employees paid a salary on a monthly basis, or who are allowed an expense or mileage account, the annual amount of such salary and the maximum to be allowed for such expense or mileage account shall be appropriated at the beginning of the fiscal year or for the remainder of the fiscal year when such employee enters the service during such year. When the amount of all obligations incurable under any appropriation have been incurred and charged thereto or when any appropriation shall be cancelled by the appropriating authority, the unexpended and unencumbered balance thereof shall be returned by the auditor to the proper fund and item and no further obligations shall be incurred under such appropriation. Neither the county board nor any other commission, board, or agency, shall make any appropriation in any fiscal year against any item within any fund which shall exceed the unappropriated balance in such item, nor shall the county board appropriate from any item set up for the maintenance of highways for any year, more than 85 percent for expenditure during the first three quarters of the year. The allocation of any fund to specific items and purposes shall be of no effect after the close of the fiscal year for which such allocation is made, except that items set up to be paid out of the income of the current year for specific purposes which are not completed within such year shall continue in force and effect until the purpose for which they were set up shall have been accomplished or abandoned, and all appropriations except appropriations from such items shall lapse and become void at the close of the fiscal year, provided, however, that the encumbered portion of any appropriation shall continue in force until all obligations arising thereunder have been paid.

**Sec. 5. Records—rules and regulations.**—A record of every appropriation shall be kept by the county auditor, or by such officer, agent or employee as may be designated in regulations established as hereinafter provided, which will at all times show the amount of any appropriation which has

already been expended, contracted or obligated, and the remaining unencumbered amount which is available for expenditure, to the extent necessary to enable every officer, agent or employee, who has any authority to incur any obligation, to know when the incurring of any additional obligation will exceed any such appropriation. Within 90 days after the taking effect of Sections 1, 2, and 3 of this act, the county auditor and the county board shall establish and may from time to time amend such rules and regulations governing in detail the manner in which any boards, commissions, administrative officers and employees of the county shall incur, record and report obligations, as may be reasonably necessary to enforce and regulate the keeping of the records herein required and to enable the county auditor to determine and certify whether any such obligation is within and pursuant to an appropriation made as required by this act. Such rules and regulations and amendments thereto shall be binding upon all boards, commissions, officers, agents and employees of the county, and no contract or obligation shall be valid for any purpose unless and until it shall have been incurred, recorded, reported and certified in accordance therewith. No claims or payrolls shall be presented to the county board or other board, commission or agency for allowance, or allowed unless they shall have been audited by the county auditor and certified by him to have been incurred within and pursuant to an appropriation as required by this act. The county auditor shall not certify any claims or payrolls unless and until he has ascertained that they have been so incurred and no such claim shall be allowed or paid until so certified. Before certifying any such claims or payrolls, the county auditor shall also ascertain that the goods or services have actually been received by the county as shown by a receiving report or time record which shall be signed only by an officer, agent or employee who shall have personal knowledge that the goods or services were received or furnished to the county. Any person who shall falsely or fraudulently sign a receiving report or time record shall be personally liable to the county for any loss sustained.

**Sec. 6. Budgets not to be altered—exceptions.**—The itemized statement for any fund shall not be altered or amended after the commencement of the fiscal year to which it shall apply, except that the county board may by a five-sevenths vote transfer any unexpended and unappropriated balance to the credit of any item to any other item within the same fund or transfer the same to new or additional items within the same fund, but it shall not transfer between funds.

**Sec. 7. Emergency fund established.**—There is hereby established an emergency fund of not to exceed \$20,000 and the county board is authorized to levy an amount only sufficient to replenish this fund at the beginning of each fiscal year, which fund shall not be itemized and may be expended by transfer to any item in any fund but only by a unanimous vote of the county board and only for purposes for which the county is legally authorized to expend money, and only in case of actual emergency arising from the exhaustion of any item from unforeseen demands which cannot be provided for by transfers from other items within the same fund.

**Sec. 8. Revolving fund for maintaining and operating county equipment.**—The county board may establish a revolving account or accounts for the purpose of maintaining and operating county equipment or for purchasing, maintaining, and operating county equipment, or for the purpose of maintaining and operating a county garage or garages for the storage and repair of county equipment, or for the purchase and storage of supplies and materials, or for the purchase of federal surplus commodity stamps pursuant to arrangements with the United States Department of Agriculture or any agency thereof. The county board may include an item or items within any appropriate county fund or funds for the purpose of establishing or maintaining such accounts. It shall establish or provide for the establishment of rates, rentals, or charges for the use of such equipment, garage facilities or supplies and materials taken from such stores adequate to perpetuate such accounts in a solvent condition by providing for the encumbering and charging of the proper appropriations in the same manner as for any other expenditure, and crediting the proper revolving account. For any revolving account for purchasing, maintaining and operating equipment, the rates for the use of such equipment shall be adequate to cover depreciation and obsolescence in addition to all other costs. No obligation shall be incurred against any such revolving account except pursuant to an appropriation which shall be made and encumbered in the same manner as for any other expenditures, provided that no appropriation shall be made in excess of the actual unappropriated balance in any revolving account. When earnings result in an unencumbered balance in any revolving account for the operation and maintenance of road and bridge equipment in excess of the balance in such account at the beginning of the fiscal year, and the amount of that item set up in the itemized statement for the establishment or maintenance of such account, such excess may be transferred by a majority vote of the county board to any item or to set up new or supplementary items in the road and bridge fund.

The county board may establish an insurance revolving account for the purpose of providing funds for the replacement of county property destroyed by fire or casualty by providing for the charging of the proper appropriations amounts equivalent to a reasonable premium for such insurance, and crediting the insurance revolving account. No expenditure shall be made from the insurance revolving account except pursuant to an appropriation, and no appropriation shall be made except in the case of actual loss, and then only to the extent and in the amount of the loss actually sustained and for the purpose of repairing or replacing the property destroyed or damaged, and in no case in excess of the unappropriated balance in the insurance revolving account.

The balance in each revolving account shall remain intact and be carried over from year to year for the purpose of the account.

**Sec. 9. Acts contrary to provisions herein void.**—Any act of any county board, commission, officer, agent or employee which is contrary to the provisions of this act or the regulations authorized hereunder shall be wholly void. The county shall not be liable upon any obligation incurred or attempted to be incurred except pursuant to this act and any regulations adopted hereunder, and within the limits of an appropriation made as herein provided, nor shall the county be liable or subject to suit on account of benefits received in connection with any contract or obligation unless the same was incurred within the limits of such an appropriation and recorded and reported in accordance with this act and any such regulations, but any officer, agent or employee who willfully incurs or attempts to incur any such obligation in violation of any of the provisions hereof or without compliance with such regulations, shall be personally liable on such obligation, shall be guilty of a gross misdemeanor, shall forfeit his office or position, and for a period of two years shall be ineligible to any appointive position or employment in the business of the county.

**Sec. 10. Definitions.**—When used in this act:

(a) The term “fund” shall mean all money received or to be received from taxes or otherwise for a purpose for which a tax levy is specifically authorized by law.

(b) The term “item” shall mean the amount of money allocated or set aside at the time of making the tax levy except as otherwise herein provided, to be expended out of the fund for a specified purpose or activity.

(c) The term “itemized statement” shall mean the statement of proposed expenditures for each fund broken down into

items or lump sum amounts at the time of making the tax levy for such fund as required by Sections 1, 2, and 3 of this act.

(d) The term "appropriation" shall mean a resolution adopted by the board or commission having jurisdiction, authorizing an expenditure or expenditures for a specified purpose out of an item previously established and set up in the itemized statement for any fund, or from the unappropriated balance in any revolving account.

Sec. 11. **Law repealed.**—Laws 1933, Chapter 371, is hereby repealed.

Sec. 12. **When effective.**—Sections 1, 2 and 3 of this act shall take effect upon the passage and approval hereof, and shall govern the tax levy for the year 1942 and subsequent years. The remaining sections of this act shall be in effect on and after January 1, 1942.

Approved April 2, 1941.

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#### CHAPTER 119—H. F. No. 249

*An act legalizing proceedings of certain villages and their governing bodies relating to the acquisition of water and electric utilities for the furnishing of water and light to the village and its inhabitants and adjacent areas, including the areas within the limits of a city of the first class, and the granting of franchises by the city, and the issuance of electric and water revenue certificates payable from earnings of the utilities.*  
Be it enacted by the Legislature of the State of Minnesota:

**Section 1. Proceedings acquiring water and electric utilities legalized.**—In all cases where any village, pursuant to resolutions of its village council, has heretofore contracted to purchase as a unit a water utility and an electric utility which had been furnishing water and electricity to the village and its inhabitants and areas adjacent thereto, including such areas lying within the territory of a city of the first class, together with improvements contracted to be made to such utilities, and the proposals so to purchase has been approved by more than a majority of the qualified voters of the village voting thereon at a special election called and held for that purpose and contracts have been made for the furnishing of water to such utilities and granting a franchise in respect thereto and contracts or franchises have been entered into by and between such village and city of the first class, and